

UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

ROCKWELL AUTOMATION, INC.,)	Case No. 2:13-cv-01616-RCJ-NJK
Plaintiff(s),)	
vs.)	ORDER DENYING MOTION TO STAY
)	DISCOVERY
BECKHOFF AUTOMATION LLC, et al.,)	(Docket No. 67)
)	
Defendant(s).)	ORDER DENYING WITHOUT
)	PREJUDICE MOTION FOR
)	PROTECTIVE ORDER
)	(Docket No. 68)

Pending before the Court is Defendants' motion to stay discovery. Docket No. 67. Plaintiff filed a response in opposition and Defendants filed a reply. Docket Nos. 69, 72. The Court held a hearing on January 30, 2014. Having considered the arguments presented, the motion to stay is hereby **DENIED**. The Court further **DENIES** the motion for protective order (Docket No. 68) without prejudice. Within 7 days hereof, the parties shall submit a proposed discovery plan and a stipulated protective order.

I. BACKGROUND

This is a patent case in which Plaintiff alleges that Defendants Beckhoff Automation LLC and Beckhoff Automation GmbH (collectively, “Defendants”)¹ have infringed its patents covering inventions related to automated manufacturing and packaging. *See* Docket No. 1. In particular, Plaintiff alleges that Defendants have infringed its patents by, *inter alia*, offering for sale and/or importing into the United States

¹ Hans Beckhoff owns 85% of Beckhoff Automation GmbH and 100% of Beckhoff Automation LLC. Docket No. 51-1 at ¶¶ 4, 6. The corporations have entered into a distribution contract. *See id.* at ¶ 7.

the “XTS system.” *See, e.g.*, Docket No. 1 at ¶ 25. Beckhoff Automation GmbH filed a motion to dismiss for lack of personal jurisdiction. *See* Docket No. 51. Both Defendants also filed a motion to transfer pursuant to 28 U.S.C. § 1404(a). *See id.* Those motions have been fully briefed. *See* Docket Nos. 55, 58.

The parties then filed a proposed discovery plan in which Defendants asserted that discovery should be stayed pending resolution of the motions to dismiss or to transfer. *See* Docket No. 60. The Court denied the proposed discovery plan so the parties could brief whether discovery should be stayed in light of the standards applied in this District. *See* Docket No. 63. Defendants then filed a motion seeking a stay of discovery, which is the motion currently before the Court.

II. STANDARDS

The Court has broad discretionary power to control discovery. *See, e.g., Little v. City of Seattle*, 863 F.2d 681, 685 (9th Cir. 1988). “The Federal Rules of Civil Procedure do not provide for automatic or blanket stays of discovery when a potentially dispositive motion is pending.” *Tradebay, LLC v. eBay, Inc.*, 278 F.R.D. 597, 601 (D. Nev. 2011). In deciding whether to grant a stay of discovery, the Court is guided by the objectives of Rule 1 to ensure the “just, speedy, and inexpensive determination of every action.” *Kor Media Group, LLC v. Green*, 294 F.R.D. 579, 581 (D. Nev. 2013) (citing *Tradebay*, 278 F.R.D. at 602-03).² In short, the Court must balance “the expense of conducting unnecessary discovery in the event a case is eventually dismissed on the pleadings against the delay caused by staying discovery in the event the case is not dismissed.” *Id.* at 582 (citing *Tradebay*, 278 F.R.D. at 603).

A. Beckhoff Automation LLC

Defendant Beckhoff Automation LLC acknowledges that it “has not presented a dispositive motion.” Mot. at 5. Instead, Beckhoff Automation LLC has filed only a motion to transfer pursuant to 28 U.S.C. § 1404(a). This Court has ruled previously that the pendency of a motion for a § 1404(a) transfer was insufficient grounds for staying discovery. *See Kor Media*, 294 F.R.D. at 582. Beckhoff Automation LLC nonetheless argues that a stay is proper because it will need to amend certain discovery documents, like a protective order governing confidentiality, in the event the case is transferred. *See* Mot. at 5. This is not sufficient reason to stay discovery. *See, e.g., Turner Broadcasting Sys., Inc. v. Tracinda Corp.*, 175

² Unless otherwise noted, references to “Rules” refer to the Federal Rules of Civil Procedure.

1 F.R.D. 554, 556 (D. Nev. 1997) (a showing that discovery may involve “some inconvenience or expense”
2 is not sufficient to stay discovery). Having reviewed Beckhoff Automation LLC’s various arguments to
3 stay discovery, the Court finds that it has failed to carry its burden that a stay is appropriate in the
4 circumstances.³

5 Accordingly, the motion to stay is **DENIED** as it relates to Beckhoff Automation LLC.

6 B. Beckhoff Automation GmbH

7 Beckhoff Automation GmbH seeks a stay of discovery based primarily on its pending motion to
8 dismiss for lack of personal jurisdiction. *See* Mot. at 4. Most authority addresses the issue of staying
9 discovery pending resolution of a motion to dismiss for failure to state a claim. *See, e.g., Kor Media*, 294
10 F.R.D. at 583. While those cases provide some guidance here, courts are more inclined to stay discovery
11 pending resolution of a motion to dismiss challenging personal jurisdiction because it presents a “critical
12 preliminary question.” *See, e.g., Kabo Tool Co. v. Porauto Indus. Co.*, 2013 U.S. Dist. Lexis 53570, *2
13 (D. Nev. Apr. 15, 2013) (quoting *AMC Fabrication, Inc. v. KRD Trucking West, Inc.*, 2012 WL 4846152,
14 *2 (D. Nev. Oct. 10, 2012)). Notwithstanding the more relaxed level of review, “the filing of a motion
15 challenging personal jurisdiction does not mandate a stay of discovery and the Court retains discretion to
16 require discovery to go forward.” *Kabo Tools Co. v. Porauto Indus. Co., Ltd.*, 2013 U.S. Dist. Lexis.
17 156928, *5 (D. Nev. Oct. 31, 2013) (citing *AMC Fabrication*, 2012 WL 4846152, *2 and *Holiday Sys., Int’l*
18 *of Nev. v. Vivarelli, Schwarz, & Assocs.*, 2012 WL 3860824 (D. Nev. Sept. 5, 2012)). A defendant
19 challenging personal jurisdiction has the burden of establishing that discovery should be stayed. *See, e.g.,*
20 *Kabo Tools*, 2013 U.S. Dist. Lexis. 156928, *4-5 (citing *Holiday Sys.*, 2012 WL 3860824, at *2-3).

21 As part of its analysis in determining whether to stay discovery in these circumstances, the Court
22 takes a “preliminary peek” at the motion to dismiss to determine if there is a sufficient likelihood that
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26 ³ Nor does Beckhoff Automation GmbH’s filing of the motion to dismiss for lack of personal
27 jurisdiction provide a basis to stay discovery for Beckhoff Automation LLC. *See, e.g., White v. American*
28 *Tobacco Co.*, 125 F.R.D. 508, 509 (D. Nev. 1989) (denying motion to stay discovery against one defendant
where motion to dismiss filed by another defendant and no joinder was filed).

dismissal will result such that delaying discovery is appropriate. *See Kor Media*, 294 F.R.D. at 582-83.⁴ The Court has taken a “preliminary peek” at the pending motion to dismiss. Plaintiff argues that the Court may exercise specific personal jurisdiction over Beckhoff Automation GmbH based on its contacts with Nevada because, *inter alia*, Beckhoff Automation GmbH designed, developed, manufactured and imported the accused XTS System that it planned to display at the 2013 PACK Expo trade show in Las Vegas, Nevada. *See* Docket No. 55 at 8; *see also* Docket No. 1 at ¶¶ 7. Plaintiff cites several cases in which courts held that a sufficient basis for exercising personal jurisdiction existed based on the defendants’ contacts related to a trade show. *See* Docket No. 55 at 9 (citing *Synthes (U.S.A.) v. G.M. Dos Reis Jr. Ind. Com de Equip. Medico*, 563 F.3d 1285, 1297-98 (Fed. Cir. 2009); *Elan Microelectronics Corp. v. Pixir Microelectronics Co.*, 2012 WL 523695, *6 (D. Nev. Feb. 16, 2012); and *Robert Bosch LLC v. ADM 21 Co., Ltd.*, 2011 WL 2619335, *4 (D. Nev. July 1, 2011)). Beckhoff Automation GmbH responds by asserting that any such contacts are “irrelevant” because the 2013 PACK Expo had not yet occurred at the time suit was filed and eventually did not include the XTS system. *See* Docket No. 58 at 8; Docket No. 51 at 13-14 (citing *Metro. Life Ins. Co. v. Robertson-Ceco Corp.*, 84 F.3d 560, 569-70 (2d Cir. 1996)). Problematically for Beckhoff Automation GmbH, however, by the time the suit was filed it appears to have already begun executing the plans to present the XTS system at the 2013 PACK Expo, including “vigorously promot[ing]” the XTS system for the event. *See, e.g.*, Docket No. 55 at 13 (citing, *inter alia*, Docket No. 23 at ¶ 17).⁵

⁴ Conducting this preliminary peek puts a magistrate judge in an awkward position because the district judge may evaluate the underlying motion differently. *See Tradebay*, 278 F.R.D. at 603. The preliminary peek is not intended to prejudice the outcome of the motion to dismiss. *Id.*

⁵ Beckhoff Automation GmbH complains that Plaintiff exaggerates its contacts with this forum by unfairly conflating it and Beckhoff Automation LLC. *See, e.g.*, Docket No. 58 at 1 (asserting that Plaintiff’s brief is deficient since it “defin[es] ‘Beckhoff’ throughout its brief to include both entities”). But Defendants themselves have done the same in their own filings. For example, Defendants submitted a declaration stating that: “For *Beckhoff*, on the other hand, PACK Expo is *our* largest and most expensive exhibition, and the XTS system is a major part of *our* 2013 exhibit. *We* have vigorously promoted *our* XTS demonstration line to the industry in the weeks leading up to the show.” Docket No. 23 at ¶ 17 (emphasis added). Nor is that an isolated occurrence. *See, e.g., id.* at ¶¶ 11-14 (referring to the efforts of “Beckhoff” or “the company” to publicize and promote the XTS system in the United States).

1 Of even more importance, Beckhoff Automation GmbH fails to directly address Plaintiff's
2 alternative argument that the exercise of personal jurisdiction is proper under Rule 4(k)(2). *See* Docket No.
3 55 at 16-17. Under Rule 4(k)(2), a district court may exercise personal jurisdiction over a defendant where
4 (1) the plaintiff's claims arise under federal law; (2) the defendant is not subject to jurisdiction in any court
5 of general jurisdiction; and (3) the exercise of jurisdiction comports with due process based on the
6 defendant's contacts with the nation as a whole. *See, e.g., Touchcom, Inc. v. Bereskin & Parr*, 574 F.3d
7 1403, 1412, 1416 (Fed. Cir. 2009). In the event the district judge finds that there are insufficient contacts
8 with Nevada, then the first two elements are clearly established here as the case arises under patent law and
9 Beckhoff Automation GmbH has not identified another jurisdiction in which it can be sued. *See id.* at 1415
10 (holding that jurisdiction may be exercised under Rule 4(k)(2) when the "defendant contends that he cannot
11 be sued in the forum state and refuses to identify any other where suit is possible"). Moreover, Beckhoff
12 Automation GmbH's national contacts appear to be more than sufficient for the exercise of personal
13 jurisdiction to comport with due process, as the record reveals numerous examples of its contacts
14 purposefully directed at the United States related specifically to the accused product. *See, e.g., Compl.* ¶
15 25, Hearing Tr. 1/30/2014 at 3:21 p.m. (Beckhoff Automation GmbH shipped an accused product to the
16 United States); Docket No. 23 at ¶ 13(a) ("In May 2012, Beckhoff sent XTS system brochures to its U.S.
17 sales team, and in June 2012, the XTS system video to its U.S. sales team."); Docket No. 23 at ¶ 14, Docket
18 No. 23-1, Exh. D, and Docket No. 51-1 at ¶ 2 (Beckhoff Automation GmbH's Corporate Manager (Gerd
19 Hoppe) showcased the XTS system in Minnesota). Taking all of the relevant factors into account, *see*
20 *Touchcom*, 574 F.3d at 1299, the undersigned finds it highly likely that the exercise of jurisdiction under
21 Rule 4(k)(2) will be found to be reasonable and fair.

22 Considering both of Plaintiff's alternative arguments outlined above, it appears to the undersigned
23 that Beckhoff Automation GmbH's likelihood of obtaining a ruling that the Court lacks personal
24 jurisdiction is sufficiently slim that the objectives of Rule 1 are best served by requiring it to begin
25 discovery. Accordingly, the motion to stay discovery is **DENIED** as it relates to Beckhoff Automation
26 GmbH.

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DATED: January 31, 2014

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